



## Coverage Insights

### Managing Mold Exposures

The explosive growth in toxic mold damage claims since 2002 has led to an almost universal exclusion of mold-related claims in commercial property and general liability policies. To close this gap, consider a customized environmental insurance policy, which specifically addresses mold as a covered cause of loss.

#### Transferring Risk

For those in the building industry, a contractors pollution liability (CPL) policy is specifically adapted to address mold as a pollutant. CPL insurance was originally developed in the 1980s for hazardous waste firms before mold was a pollutant of concern. Today, CPL is commonly purchased by those performing environmental and mold remediation work, but any contractor that constructs or works in buildings occupied by people should have a modified CPL endorsement to cover its mold-loss exposure.

According to environmental risk management experts, there are over 100 different manuscript environmental insurance policies available, and most can be adapted to cover toxic mold. With so much to consider, JMB Insurance can assist you in designing a policy that meets your business-specific needs.

#### Contract Provisions

Anyone entering into a real estate, construction or other kind of contract concerning real property should consider whether or not the risk of future mold claims and remediation should be allocated by contract and, if so, how. For instance, construction contracts and real estate leases may include indemnity language specifically intended to:

- allocate liability for mold-related personal injury claims;
- include representations and/or warranties concerning absence of mold; and
- name the party(s) responsible for identifying and remediating mold.

If you are entering into a contract, be sure to read the contract language carefully to gain a clear understanding of your portion of the liability.

#### Managing Exposures

In addition to transferring risk through insurance and contracts, JMB Insurance has the resources to help you develop protocols to identify, prevent and remediate mold. If there is an established standard operating procedure for prevention of mold and water intrusion, underwriters will weigh that favorably. We can provide information to help you to:

- determine if a mold problem exists;
- establish prevention methods; and
- correct the problem through remediation.

The environmental insurance market is constantly changing to meet the needs of the marketplace. We are committed to developing solid relationships with top-rated carriers who are experienced in environmental liability coverages. Contact us today at 312-915-2200 to learn more about how our expertise can benefit you. ◇

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